

Service Date: February 24, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Applications for	)	UTILITY DIVISION
Approval of (A) the General Filing of	)	
Pacific Power & Light Company in	)	
Demonstration of One Test Year as a	)	
Merged Company and (b) Proposed New	)	
Tariff, Schedule No. 47T, on the PP&L/	)	DOCKET NO. 90.11.78
Champion International Inc. Electric	)	
Service Contract.	)	ORDER NO. 5538f

FINAL ORDER APPROVING DEMONSTRATION  
AS MERGED COMPANY AND STIPULATION ON REVENUE REQUIREMENTS

BACKGROUND

Pacific Power & Light Company (PP&L, Company or Applicant) is a public utility furnishing electric power service to approximately 31,000 customers within the regulatory jurisdiction of the Montana Public Service Commission (PSC or Commission).

On November 15, 1990 PP&L filed an application with the Commission showing one year as a merged company, in compliance with Order No. 5432 in Docket No. 89.6.17, issued November 17, 1989.

On November 30, 1990 PP&L filed a proposed Schedule 47T, large partial requirement service tariff, Docket No. 90.11.83, which was consolidated into Docket No. 90.11.78 for administrative convenience. The only known customer in

Montana to receive service under schedule 47T was Champion International Corporation (Champion).

The Commission granted routine intervention to the Montana Consumer Counsel (MCC) and Champion on January 23 and January 24, 1991, respectively.

On April 5, 1991 PP&L filed a stipulation entered into with MCC which, if accepted, would settle all revenue requirement issues. The Commission convened a meeting on June 20, 1991 for PP&L and MCC to explain the benefits of the stipulation.

On July 8, 1991 at a regularly scheduled work session the Commission approved the Stipulation Settling Revenue Requirements Issue. Intervenor Champion had no objection to the Stipulation, provided that the Commission would hear and determine Champion's challenge to the industrial class allocation and rate design for service to Champion.

On July 15, 1991 the Commission issued its Notice of Commission Action approving the Stipulation Settling Revenue Requirements Issue.

#### FURTHER FINDINGS AND DISCUSSION

In Order No. 5432, Docket No. 89.6.17, the Commission directed PP&L to file no later than December 31, 1990 evidence demonstrating that its revenue levels are reasonable. The Commission required the filing to comply with the minimum filing requirements for a general rate case, demonstrate 12 FULL months of operations as a merged company, and be based upon the most recent test year. The Commission also directed the company to include a demonstration of the company on a stand alone basis, to allow unreflected merger benefits to be considered. The Commission finds

that PP&L has complied with these requirements of the Commission in Order No. 5432.

PP&L submitted extensive prefiled testimony and exhibits with its application in demonstrating one test year as a merged company. PP&L also responded to discovery requests from the Commission and MCC.

As represented in the Stipulation Settling Revenue Requirements Issue, Intervenor MCC has examined the application and discovery responses of PP&L. MCC has also conducted a further discovery audit in the company's offices in Portland, Oregon. As a result of its analysis and subsequent negotiations, MCC agrees and stipulates that there should be no overall change in revenues for Montana.

The Commission finds, based upon the stipulation and upon Commission staff's analysis and recommendation, that the Commission should accept and approve the terms of the stipulation. In its application, PP&L requested no overall change in revenues from Montana operations and committed not to seek rate increases through 1992. PP&L submitted extensive data in this filing. From the presentations by PP&L and MCC at the July 8, 1991 meeting, the Commission concluded that an increase in revenue requirements was not indicated at this time.

Accepting the Stipulation resolves the revenue requirement issues in this Docket only. The Commission determines that employment of principles, methods or theories in negotiation of the Stipulation should not bind any party or the Commission in future proceedings.

#### CONCLUSIONS OF LAW

The Montana Public Service Commission is invested with supervision and regulation of public utilities, subject to the provisions of Title 69, Chapter 3, Montana Code Annotated (MCA). § 69-3-102, MCA.

Pacific Power & Light Company is a public utility subject to the Commission's jurisdiction over its operations in Montana. § 69-3-101, MCA.

The Montana Public Service Commission is empowered to do all things necessary and convenient in the exercise of the powers conferred by Title 69. § 69-3-103, MCA.

The Montana Public Service Commission concludes, as a matter of law, that the revenue requirement as stipulated to and accepted in this Docket is reasonable and that there is no indication of a need for a revenue increase at this time.

ORDER

WHEREFORE, IT IS HEREBY ORDERED that the Stipulation Settling Revenue Requirements Issue shall be approved.

Done and Dated this 19th day of February, 1992 by a vote of 3 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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HOWARD L. ELLIS, Chairman

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DANNY OBERG, Vice Chairman

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BOB ANDERSON, Commissioner

ATTEST:

Ann Peck  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.